

GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS

PUBLIC SERVICES COMMISSION

In Re The Virgin Islands Water and Power
Authority's Levelized Fuel Adjustment Charge

And

In Re The Virgin Islands Water and Power
Authority's Petition to Approve Modification
of General Obligation Note with First Bank VI

PSC Docket No. 289

Order No. 27/2012

PSC Docket No. 605

ORDER

WHEREAS, this matter is before the Virgin Islands Public Services Commission ("Commission" or "PSC") on (i) the Virgin Islands Water and Power Authority's May 17, 2012, (WAPA or "Authority") quarterly filing and petition for adjustment of the Levelized Energy Adjustment Charge ("LEAC") and (ii) on the Authority's May 31, 2012, Petition to Approve Modification of a General Obligation Note with First Bank VI.

WHEREAS, the Commission has previously reviewed the \$40M General Obligation Note, first in 2008 and again in 2010, and most recently addressed this matter in January 2012; and

WHEREAS, the General Obligation Note, as previously approved, was for a total of \$40M on a five year amortization, but with a three year term and substantial balloon payment due at the end of the third year; and

WHEREAS, the Authority issued a series of bonds in 2012 without the involvement of the Commission, of which the series 2012B bonds provided funds to pay the balloon payment of the General Obligation Note; and

WHEREAS, on April 24, 2012, the Authority's Board of Directors approved a refinancing which would permit the Authority to immediately secure additional cash to pay the deferred fuel costs currently being amortized through the LEAC; and

WHEREAS, on May 31, 2012, the Authority filed its Petition for the Approval of Modification of the General Obligation Note; and

WHEREAS, the Commission's technical consultants and staff met with Authority to review the proposed changes to the LEAC and to review the proposed financing; and

WHEREAS, on June 26, 2012, the Commission received the report of its technical consultants; and

WHEREAS, on June 29, 2012, the Commission met and heard from witnesses for the Authority and from its technical consultants;

NOW THEREFORE, the Commission Finds and Orders:

1. The assumptions of fuel pricing, sales of water and electricity, and the fuel consumption used in the technical consultants report are reasonable and appropriate for the July to September 2012 LEAC period; and
2. The Commission adopt the findings and recommendations of its technical consultants as provided in its report; and
3. A LEAC rate of \$0.306524 per kWh be established for the Electric Department beginning on July 1, 2012; and
4. A WLEAC rate of \$8.29 per KGal be established for the Water Department beginning on July 1, 2012; and

5. Minimum filing requirements for future quarterly LEAC filings be expanded to provide billing and collection activity and outstanding balances for the previous two quarters for all customer classes, government and non-government; and
6. WAPA provide the Commission no later than August 15, 2012 a report reconciling the deferred fuel balances on its books with the deferred fuel balances used for LEAC purposes with appropriate confirmation from WAPA's auditors; and
7. WAPA'S petition for the refinancing of the General Obligation Note be approved; and finally,
8. That Attachment C to the technical consultant's LEAC Report, an addendum to the September 27, 2011 Generation Maintenance Stipulation be approved.

So Ordered.

For the Commission

Dated: July 9, 2012


Donald G. Cole, Chair